

STATE OF MICHIGAN

IM-6



JOHN ENGLER, Governor

**DEPARTMENT OF ENVIRONMENTAL QUALITY**

HOLLISTER BUILDING, PO BOX 30473, LANSING MI 48909-7973

RUSSELL J. HARDING, Director

**REPLY TO:**STORAGE TANK DIVISION  
TOWN CENTER  
PO BOX 30157  
LANSING MI 48909-7657

June 1, 1998

TO: Interested Parties

FROM: Mohammad Yusaf, P.E., Chief, Field Operations Section  
Storage Tank Division

SUBJECT: Enforcement Of Financial Responsibility

This informational memorandum provides the Storage Tank Division (STD) policy regarding enforcement of financial responsibility (FR) under the Underground Storage Tank (UST) program

**LEGAL REQUIREMENT:** Pursuant to Michigan Underground Storage Tank Rules, owners and operators (O/O) of petroleum underground storage tank (UST) systems must have proof of financial responsibility for taking corrective action and for compensating third parties for bodily injury and property damage caused by releases arising from the operation of the petroleum UST's.

**POLICY:** While all O/O are required to obtain a financial assurance mechanism, a phased approach to enforcement of FR has been implemented by the STD based upon the fact that insurance would be available for facilities with new (installed after December 22, 1988) tank systems. Phase 1 was implemented on October 1, 1995, and covered facilities with all tanks installed after July 1, 1995. Phase 2 was implemented with an effective date of November 15, 1995, to cover facilities where all tanks have been installed after December 22, 1988. Phase 3 will include tanks that have been upgraded or installed prior to December 22, 1988, and will be implemented January 2, 1999. Proof of FR is only required to cover future releases (i.e. releases discovered after the effective date of the FR mechanism).

**PROCEDURE:** Upon identification of the FR violation by the STD during the inspection of a new facility or random inspection of an existing facility, the O/O will be given 30 days to obtain the proof of FR. If the O/O fails to provide the proof upon re-inspection, the facility may have a red tag placed on the UST's that will prohibit delivery of product to the tank system. In addition, the STD may seek a misdemeanor warrant. If the O/O who is in non-compliance after 30 days owns multiple facilities, then the other facilities may also be inspected for FR. The STD also has the option to seek civil penalties.